Teacher Pension Policy in Louisiana

A report card on the sustainability, flexibility and fairness of state teacher pension systems

Louisiana’s pension system ratings

Sustainability
Pension system is stable and well-funded.

Flexibility
Pension system is flexible and fair to all teachers.

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work.

- fully meets goal
- nearly meets goal
- meets goal in part
- meets a small part of goal
- does not meet goal

Snapshot of Louisiana’s pension system

- Teacher pension system is well-funded (at least 90%). NO
- Teachers have the option of a fully portable primary pension plan. NO
- Teachers vest in three years or less. NO
- Teachers leaving early can take at least a partial employer contribution with them. NO
- Teacher and employer contribution rates are reasonable. NO
- Retirement eligibility is based on age only. YES
- Pension benefits accrue in a way that treats each year of work uniformly. YES

Louisiana’s pension system characteristics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of plan</td>
<td>Defined benefit (DB)</td>
</tr>
<tr>
<td>Unfunded liabilities (percent of system funded)</td>
<td>$11,348,552,354 (56.4%)</td>
</tr>
<tr>
<td>Vesting period</td>
<td>5 years</td>
</tr>
<tr>
<td>Teacher contribution rate (percent of salary)</td>
<td>8%</td>
</tr>
<tr>
<td>Employer contribution rate (percent of salary)</td>
<td>27.7%</td>
</tr>
<tr>
<td>Basis for retirement eligibility</td>
<td>Age only</td>
</tr>
<tr>
<td>Cost of living adjustments</td>
<td>Tied to funding</td>
</tr>
<tr>
<td>Participation in Social Security</td>
<td>No</td>
</tr>
<tr>
<td>Contributions teachers may withdraw from plans if they leave after 5 years</td>
<td>Own, without interest</td>
</tr>
<tr>
<td>Policy for purchasing time for prior teaching or approved leave</td>
<td>Unlimited (prior teaching); Limited (approved leave)</td>
</tr>
<tr>
<td>Cost per teacher of allowing retirement before age 65</td>
<td>$578,375</td>
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</tbody>
</table>

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For more information about Louisiana and other states’ teacher retirement policies, including full narrative analyses, recommendations and state responses, see www.nctq.org/statePolicy
Just seven states offer a fully or nearly fully portable primary pension plan for teachers.

Other indicators also reflect worrisome trends.

Number of states where pension funding ratios have decreased since 2008: 43

Number of states that require excessive contributions of teachers, employers or both: 43

Number of states that have increased teacher contribution rates since 2008: 29

Number of states that have ten-year teacher vesting periods: 15

Teacher pension system debt has reached a half trillion dollars.